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Why Australia Won't See NZ's Housing Crash

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New Zealand's housing market has plunged to 2019 price levels with rents declining for the first time in 14 years, but economists confirm Australia faces fundamentally different conditions. Macrobusiness chief economist Leith van Onselen explains that while both nations experienced pandemic price surges, Australia's stronger migration intake and supply constraints prevent a similar correction. New Zealand's

downturn stems from plummeting migration, reducing demand while construction activity remained elevated.

Australia's housing fundamentals remain robust with record immigration sustaining demand amid chronic undersupply. CoreLogic data shows Australian home values continue rising despite high interest rates, supported by tight rental markets and limited new developments. Unlike New Zealand, where net overseas migration fell to a 30-month low, Australia welcomed over 500,000 migrants last year – creating relentless housing pressure.



Construction bottlenecks further differentiate the markets. New Zealand approved 50,000 new dwellings in 2022 compared to Australia's 170,000, yet Australia's larger population and migration intake create more severe shortages. The National Housing Finance and Investment Corporation estimates Australia needs to build 1.8 million homes by 2033 to meet demand – a target currently slipping further from reach.

While New Zealand's correction provides cautionary insights, Australia's perfect storm of migration-driven demand and construction shortfalls insulates prices. Unless migration policies change dramatically or construction productivity improves, Australia's housing affordability crisis appears locked in. The key difference remains simple – Australia lacks New Zealand's demand drop that triggered their downturn. For now, Australian homeowners can breathe easier, but prospective buyers face continued challenges in this supply-constrained market.